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Congress of the United States
House of Representatives
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SUBCOMMITTEES:
RAILROADS
SURFACE TRANSPORTATION

REGIONAL WHIP

June 8, 1998

Mr. Alvin Finkelstein
2684 West Street #6J
Brooklyn, NY 11223-6425

Dear Mr. Finkelstein:

Thank you for informing me of your opposition to legislation that would increase the cost of cigarettes. I appreciate your taking the time to share your views.

As you may know, the tobacco settlement reached by a number of State Attorneys General and the tobacco companies is currently under review in Congress and the White House. Two states, Florida and Minnesota, have settled their cases with the tobacco companies outside of the universal tobacco settlement. Florida and Minnesota will receive approximately $20 billion to cover the costs related to tobacco use incurred by their Medicaid programs.

Since the unveiling of the universal settlement last year, members of Congress have introduced comprehensive tobacco legislation that have gained bipartisan support. One of these proposals is Senate bill 1415 as introduced by Senator John McCain. Senator McCain's bill would create a number of mandates for the tobacco companies, including raising the price of a pack of cigarettes by $1.50 over two years. The intent of the price increase is to reduce teen smoking. This strategy has proven effective in combating teen smoking and is supported by the American Lung Association and the Campaign for Tobacco Free Kids. However, during floor debate on the bill, Senate Majority Leader Trent Lott invoked a seldom used procedure to cut the rate of increase on a pack of cigarettes to $1.10 over a five-year period. Although many Senators objected to this maneuver, the change was made a part of the bill.

Opponents of this strategy claim that this is an unwarranted tax increase on lower- and middle-income families. When weighed against the benefits of healthier children and adults and the estimated $130 billion in long-term savings in health spending to treat individuals, however, the price increase warrents consideration. We must remember that over 400,000 people die

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each year in this country due to a tobacco related illness. In addition, there is substantial public support throughout the country to raise taxes on tobacco products to keep children away from a life of addiction and disease.

Finally, a universal settlement would require changes in Federal law and regulations -- therefore, Congress must pass legislation before any settlement can become binding. The McCain bill is still being debated and if approved in the Senate would come to the House for further consideration. I intend to monitor the progress of the bill closely. Please be assured that I will keep your views in mind as the debate continues.

Thank you again for informing me of your views. Although our views may differ, please do not hesitate to contact me in the future if I may be of assistance.

Sincerely,

Jerrold Nadler

Jerrold Nadler
Member of Congress

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